

Financial Information




Estimates

Types of Cost Estimates

- Construction Cost Estimate -
 - The cost of construction only
 - Based on “Normal Public Construction Costs” for New Construction, and
 - Architect’s Estimates for Remodeling
- Project Cost Estimate -
 - Cost for the Entire Project
 - Eligible Costs
 - Ineligible Costs

Construction Cost Estimate

Page 14

-  All Applicants must submit a Projected Construction Cost Estimate prepared by:
- Architect
 - Engineer, or
 - Construction Cost Estimator
- Cost Estimate is based on Conceptual Plans and Outline Specifications
 - Justify \$ / SQ FT


Why these people?

- Expertise to develop a Reliable Cost Estimate
- In Applicant's Best Interest:
 - Additional costs discovered after Grant Award are **100%** Applicant's Responsibility



Multipurpose Construction Cost Estimate

Page 19

 Applicants with multipurpose projects must submit a cost analysis comparing -

- The Entire Multipurpose Project
- The Public Library Portion

- Be sure costs are separated!



Format for Construction Cost Estimate

Page 15

- Standard Formats -
 - Construction Specification Institute (CSI) Masterformat Divisions
 - R.S. Means Assemblies Cost Data Manual
- Similar estimating formats are OK
 - Applicant's Choice

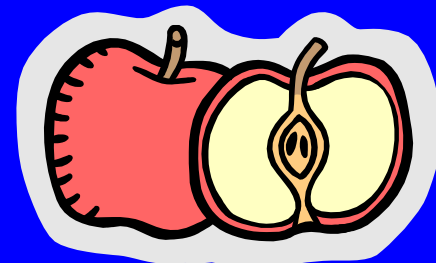
Include *Only* the Cost of Construction, NOT...

Page 15

- Cost of Land
- Site Development
- Demolition
- Utility Tie-ins
- Landscaping
- Parking
- Works of Art
- Shelving
- Furniture
- Service Desks
- Counters
- Workstations
- Casework
- Moveable Equipment
- Architect's & Engineer's fees
- Under Building Parking

Why Aren't Those Items Included?

- Separate Line Items in the Project Budget
- Most Eligible Project Costs
- Makes Cost of New Construction Comparable
 - “Apples to Apples”



Relation to Project Budget

- Construction Cost estimate must match Construction Cost in Project Budget
- **Use lower of two figures:**
 - Construction Cost EstimateOr
 - Eligible Projected Construction Cost

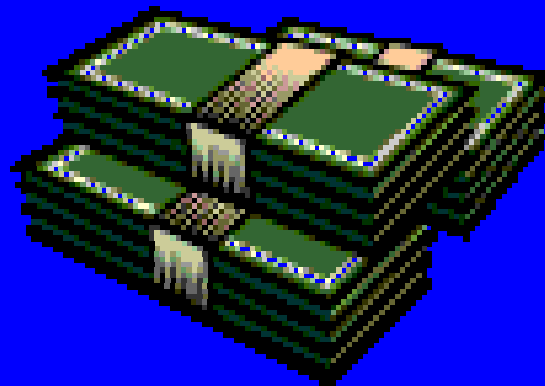


Normal Public Construction Costs in Applicant's Area Page 15

Normal Public Construction Costs

Page 15

- Calculating “Normal Construction Costs” is required by the Bond Act
 - Anything over “Normal Costs” = 100% Local Supplemental Funds



How is “Normal Cost” for Remodeling Determined?

Page 18

- “Normal Cost” for remodeling is based on the estimate of an:
 - Architect
 - Engineer
 - Construction Cost Estimator
- Remodeling is site specific and can’t be effectively averaged



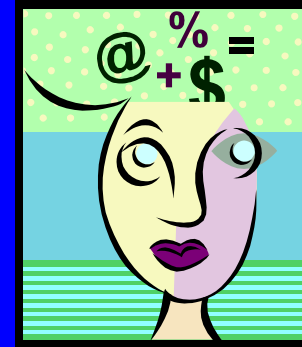
What is “Normal Cost” for New Construction?

Page 15

- Two Methods of Calculating Normal Costs -
 - Construction Cost Index
 - Utilize California Average Cost
 - Apply Locality Adjustment Factor
 - Comparable Public Construction
 - Average Locally Bid Projects

Financial Information Pages in Application Form Pages 52 & 53

- Use them as Worksheets
- Trust the Forms
 - The math works
 - Follow the instructions and you'll get the right answer
 - Even easier with Excel
 - It does the calculations for you!



Construction Cost Index

Approach

Page 15



- Begin with “Normal Cost:”
 - \$202 / SQ FT for New
 - \$238 / SQ FT for Expansion
- Apply the California County Locality Adjustment Factor
 - See Page 16 for List of Factors
- Apply Inflation Adjustment
 - Optional

Inflation Adjust

Page 17



- *May* increase locally adjusted cost by
 - 1/5% / month
 - For each month from Jan 2002 through estimated Mid-Point of Construction
- This figure, *or a lesser one*, is the “Normal Cost”
 - A “Ceiling” Figure, not required!

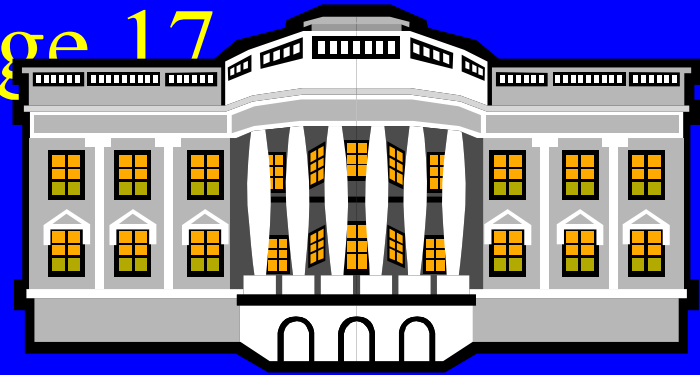
Comparable Public Construction Approach Page 17

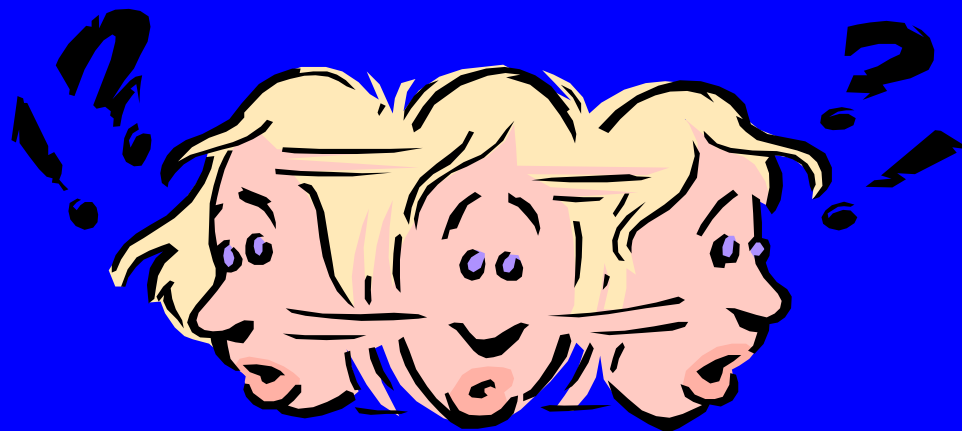
- ➔ Use this approach when unusual local conditions increase construction costs
- Average Construction Cost per Square Foot:
 - For at least 3 “comparable” public construction projects
 - Bid in the Applicant’s County
 - Within 3 years of the application
- Apply Inflation Adjustment

What types of buildings are comparable?

Page 17

- **Public libraries**
- **Community Colleges**
- **Post Offices**
- **Museums**
- **Courthouses**
- **City Halls**
- **Auditoriums**
- **Convention Centers**
- **Civic Centers**
- **Senior Citizen Centers**
- **Public Schools**
- **Recreation Centers**





Application Form



Apply Project Budget
Page 54

Library Project Budget

- Use budget section in conjunction with both:
 - Regulations
 - Bond Act
- Show Eligible and Ineligible Costs
 - If it must be done before the doors open, it must be listed
 - Board needs to know the project will succeed

Eligible Costs...

- Bond Act Section 19989 (a)–(e)
 - “Purposes of Grants”
- Made Specific in Regulations
(Sections 20430-20444)

How Early May Expenditures Be Made?

- Local Matching funds must be:
 - Cash expenditures
 - Made no earlier than three (3) years before submission of application

APPLICATION DEADLINE:		3/28/03	1/16/04
EARLIEST EXPENDITURE:		3/28/00	1/16/01

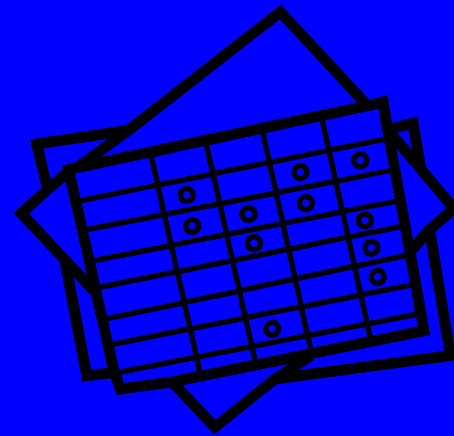
Ineligible Project Costs

Page 9

- Space not used for the delivery and support of public library direct service
- The value of land already dedicated to the operation of an existing public library.
- Land secured by Lease or Lease-purchase
- Interest or other carrying charges for financing the project

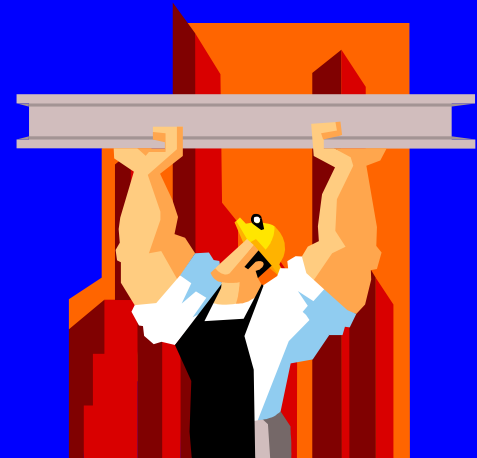
Ineligible Project Costs Continued...

- Books and other Materials
- Operating expenses:
 - Facility
 - Personnel
 - Supplies
 - Etc.
- Administrative Costs
- In-Kind Expenditures
 - May not be part of local match



What is “In-Kind”?

- Expenditures,
- Services, or
- Donations of:
 - Materials
 - Labor
 - Furniture or equipment
 - Articles of any kind



New Construction Costs (Line 1)

- Eligible -
 - “Normal Public Construction Cost”
- Ineligible -
 - “Excessive” Construction Costs
 - If construction cost estimate is higher than “Normal Cost”



Example

- Cost = \$250 / SQ FT
- Normal Cost = \$210 / SQ FT
- Ineligible Cost = \$ 40 / SQ FT

Remodeling Construction Costs (Line 2)

- Eligible –
 - Cost estimate of
 - Architect,
 - Engineer, or
 - Cost Estimator
- Ineligible –
 - N/A



Contingency (Line 3)

- Eligible –
 - New Construction:
 - 10% of eligible New Construction cost figure in Line 1
 - Remodeling Construction:
 - 15% of eligible Remodeling Construction cost figure in Line 2
- Ineligible –
 - Any amount over either of the above contingency amounts

Note: This is a **Project** Contingency

Appraised Value of a Building (Line 4)

- Eligible –
 - Appraised Value of Building purchased by or donated to the applicant for the project
- Ineligible -
 - N/A
- **Note:** Does not apply to existing library buildings

Appraised Value of Land (Line5)

- Eligible –
 - Appraised Value of Land purchased by or donated to the applicant for the project
- Ineligible –
 - Currently owned & dedicated to operation of a public library
 - Value of land “acquired” by lease or lease-purchase agreement
 - Value of lease or lease-purchase payments
 - Land acquired with funds from the 1998 School Bond Act

Site Development (Line 6)

- Eligible –
 - All Site Developments Costs that are on the library site, or
 - Within 100' of Legal Boundary for Tie-in of:
 - Utilities
 - Paving
 - Sidewalks, Curbs, & Gutters
 - Landscaping & Irrigation
 - Traffic Signals
- Ineligible –
 - Any not listed above



Site Demolition (Line 7)

- Eligible –
 - Same as Site Development
- Ineligible –
 - Same as Site Development

Site Permits & Fees (Line 8)

- Eligible –
 - If required for site “acquisition”
 - Directly related to the project
- Ineligible –
 - Not directly related to the project, nor
 - Part of site acquisition

Site Option to Purchase Agreement (Line 9)

- Eligible –
 - If Option to Purchase is part of site purchase price
- Ineligible –
 - “Right of First Refusal”
 - Not part of purchase price

Furnishings & Equipment Costs (Line 10)



- Eligible –
 - Purchase & Installation of Furnishings & Equipment Required to make the Library Facility fully Operable
 - Includes Computer Equipment
- Ineligible –
 - Off-site Furniture or Equipment

Signage (Line



- Eligible –
 - Same as Furnishings & Equipment
- Ineligible –
 - Same as Furnishings & Equipment

A & E Fees (Line 12)

- Eligible –
 - Payment of fees for any work performed by licensed architects or engineers
- Ineligible –
 - In-kind contributions by architects or engineers
 - Fees from individuals who do not meet the professional qualifications

Other Professional Fees (Line 20)

Page 7

- Eligible –
 - Payment of fees charged by “other” professionals required to plan or execute the project:
 - ADA (Access) Consultants
 - Attorneys
 - Audio-Visual Consultants
 - Building Security Consultants
 - Certified Public Accounts
 - Historical Consultants
 - Land Surveyors



Other Professional Fees

- Eligible – Continued ...
 - Lighting Consultants
 - Real Estate Appraisers
 - CEQA Scientists
 - Signage Consultants
 - Technology Planning Consultants
 - Traffic Engineering Consultants
- Ineligible –
 - Professional who isn't on list,
 - Professional service provided as an Administrative Cost



Administrative Costs are Ineligible (Line 21)

- Costs of services provided by
 - Employees of the applicant jurisdiction or
 - Its library service provider
 - Including, but not limited to, the costs of any of the following:
 - Preparation of grant application
 - Procurement of matching funds
 - Conduct of an election for obtaining voter approval of the project

Exception: Eligible Administrative Costs

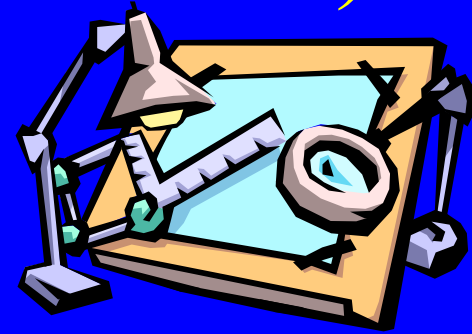
Page 9

- When such services are:
 - *Required* by the applicant jurisdiction to be provided by
 - a Public Works or similar department, or
 - by other departments providing the professional services
 - AND**
 - Where the costs are *directly billed* to the project

Construction Cost Estimator Fees (Line 13)

- Eligible –
 - **IF** Cost Estimator is:
 - “Independent” - not an employee of applicant or the applicant’s library service provider
 - Individual who has had responsibility for 5 or more construction project cost estimates in excess of \$1 million each, within the 10 years prior to application.
- Ineligible –
 - Fees from individuals who do not meet qualifications

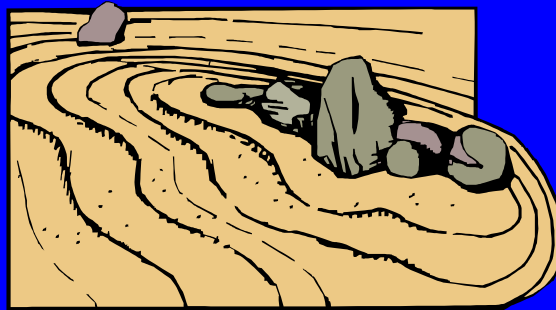
Interior Designer Fees (Line 14)



- Eligible –
 - **IF** Interior Designer employed to:
 - Design furnishings & equipment
 - Provide furnishings floor plans and layouts,
 - Write specifications, &
 - Develop bid documents & supervise the bidding & installation of furnishings & equipment for the interiors contract or portion of the general contract for the project
- Ineligible –
 - Fees for work not listed above

Geotechnical/Geohazard Reports (Line 15)

- Eligible –
 - Fees from licensed engineers or other professionals
- Ineligible –
 - Fees from individuals who do not meet the professional qualifications



Hazardous Materials Consultant Fees (Line 16)

- Eligible –
 - Fees from hazardous materials consultants
- Ineligible –
 - Fees from individuals who do not meet the professional qualifications



Existing Building Studies (Line 17)


- Eligible –
 - Fees from licensed architect, engineers & other professionals for the following studies:
 - Energy Audit
 - Structural Engineering Study
 - Project Feasibility Study
 - ADA (Access Compliance) Study
- Ineligible –
 - Fees from individuals who do not meet the professional qualifications

Library Consultant (Line 18)



- Eligible –
 - Fees for work listed in section 20432 (f) (12) (A) – (F), *IF* Consultant has:
 - MLS or equivalent 5th year degree in library science,
 - Consulted on at least 5 different library projects in the past 10 years
- Ineligible –
 - Fees from individuals who do not meet qualifications above, and
 - Fees for work not listed above

Construction / Project Management (Line 19)

- Eligible –
 - Fees from Construction or Project Managers, **IF** the managers have:
 -  Had responsibility for construction or project management of one or more construction projects in excess of \$1 million each, within the 10 years prior to the application deadline
- Ineligible –
 - Fees from individuals who do not meet qualifications

Works of Art (Line 22)

- Eligible –
 - N/A



- Ineligible –
 - All
 - **Note:** Include if required locally
 - 1% of construction costs typical

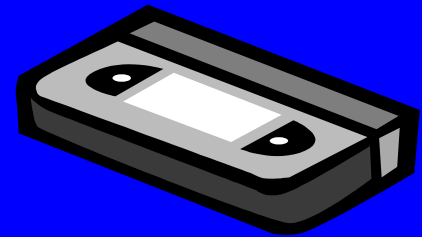
Relocation & Moving Costs (Line 23)

- Eligible –
 - N/A
- Ineligible –
 - Include if applicable to the project



Acquisition of Library Materials (Line 24)

- Eligible –
 - N/A
- Ineligible –
 - Include if applicable to the project



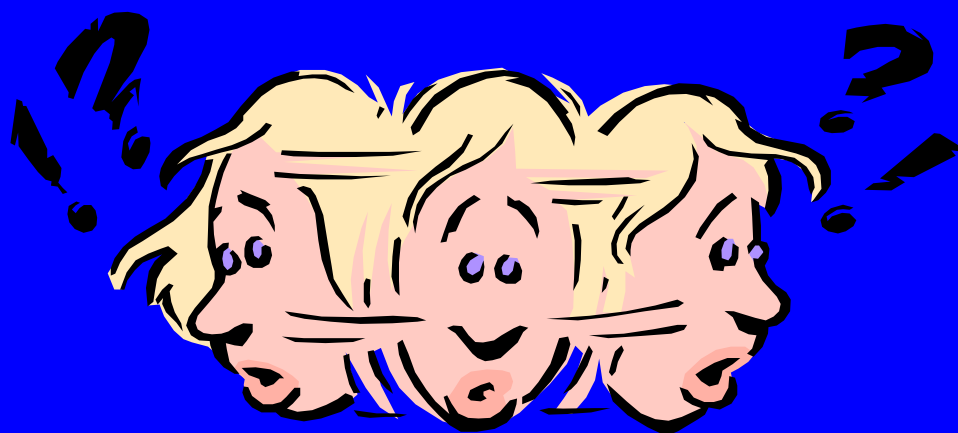
Other (Specify) (Lines 25 – 27)

- Miscellaneous:
 - Use as project costs and requirements dictate

Total Project Cost (Line 28)



- Eligible –
 - Total of all Eligible Project Costs
(Eligible for 65% State Match)
- Ineligible –
 - Total of all Ineligible Project Costs
(100% Local Responsibility)



Sources of Project Revenue (Lines 29-30)

- State's Matching Grant Amount (Line 29)
 - 65% of Line 28 Eligible Costs
 - Maximum grant: \$20 Million
 - Minimum grant: \$50,000
- Required Local Matching Amount (Line 30)
 - 35% of Line 28 Eligible Costs

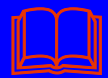
Sources of Project Revenue

(Lines 31–35)

- Show *ALL* Local Matching funds:
 - City Funds
 - County Funds
 - Special District Funds
 - Private Funds
 - Other (Specify) Funds
 - Federal, etc.
- Figures in lines 31 through 35 must equal figure in line 30

What About Private Funds?

(Line 34)



- Applicants must submit an account statement showing that the amount of Private Funds in line 34 are under the control of the applicant at the time of application.
- This requirement may be avoided if the applicant commits to entire local match
 - They can then replace public funds with private funds later when and if they become available

Local Matching Funds Credit (Line 36)

- Land –
 - For Land acquired by purchase or donation only
 - Credit Not Allowed for:
 - Land Leased or Lease-purchased
 - Land “Already dedicated to the operation of an existing public library”
 - Land acquired with funds from the 1998 School Bond Act
- A & E Fees –
 - For “Architectural Plans” developed solely for the public library project for which application is being made
 - Regardless of when cost incurred

“Architectural Plans and Drawings” means...

- Conceptual Plans
- Schematic Plans
- Design Development Plans
- Construction Documents and Specifications
 - Created by a Licensed Architect or Engineer



Adjusted Local Match (Line 37)

- Must equal Local Match minus
Local Credits
(Line 30 minus Line 36)

Supplemental Local Funds (Line 38)

- All Ineligible Project Funds
 - Must equal Line 28 Ineligible
 - 100% Local Funds



Total Project Income (Line 39)

- Must equal Lines 29, 30 & 38
 - State Matching Funds
(Line 29)
 - Local Matching Funds
(Line 30)
 - Supplemental Local Funds
(Line 38)

Local Resolution

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All applicants must submit a Local Resolution approved by their governing body:

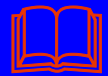
- Commit to provide the Local Matching Funds (Line 30)
 - Identifying Land or A&E Credits
- Commit to provide all needed Local Supplemental Funds
- Availability of all Local funds to meet cash flow requirements of the project
- Certifying the Project Budget

Local Resolution Continued...

- Certify the accuracy and truthfulness of all information in the application form & supporting documents
- Commit to operate the facility as a library, unless
 - The facility will be operated by another jurisdiction than the applicant
- Commit to provide public library direct service for 40 years
 - Regardless of other operating agreements the applicant may have with other jurisdictions or parties

Operating Resolution

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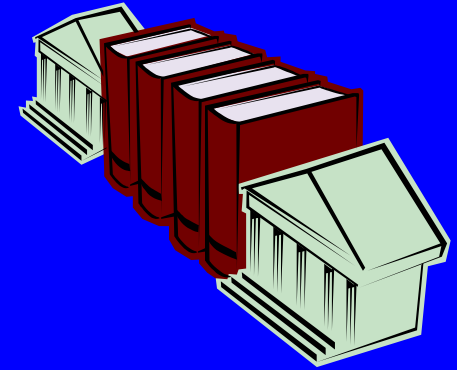


The Applicant must submit an Operating Resolution

- If the public library will be operated by a jurisdiction other than the applicant
- The resolution must be from the governing body, and must commit to:
 - Operate the completed facility
 - Provide public library service

Multipurpose Project Budget

Page 56



- Same Approach, except breakout:
 - Dedicated to Public Library
 - Library Common Area Pro Rata
 - Total Public Library
 - Library Ineligible
 - Other Ineligible
- Must do for ALL project costs!
 - Pro rate site costs & all other project costs just like for building

(See Application Form Page 34)

7 Bond Act Review Factors

- Needs of Urban and Rural
- Population Growth
- Age and Condition of Library
- Needs of Residents
 - Existing Library
 - Proposed Project
- Appropriate Use of Technologies
- Appropriate Site
- **Financial Capacity to Operate**
(Only for New Public Libraries)

Review Factor

- Review Factor #7:
 - “The financial capacity of local agency submitting the application to open and maintain operation of the proposed project ...”

Note: Also includes replacement facilities

Projected Library Operating Budget

Page 55

- The Board must be assured that the facility will be operated at a reasonable level.
 - “Start-Up” Expenses
 - Non-Recurring, Initial Expenses
 - Opening-day collection
 - Office Supplies
 - Etc.
 - Annual Expenses:
 - Anticipated annual operating costs

Financial Capacity to Operate

Page 58

- Narrative Description –
 - Anticipated Revenues
 - Source of Revenues
 - Unique Circumstances
 - Private Fund-Raising Plans
 - Ballot Measures
 - Other Considerations
- An opportunity to convince the Board that you will be able to operate the facility

Project Timetable

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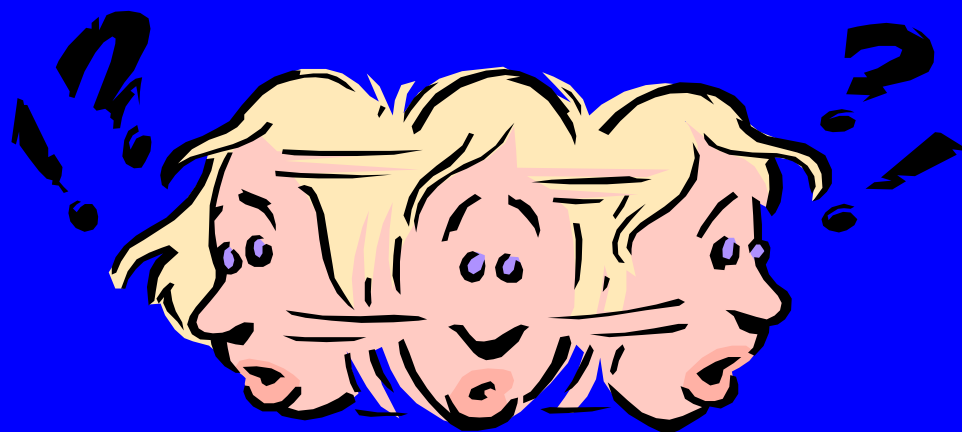
- Be Realistic about Dates!
 - They may change some, but
 - You are expected to deliver the project on time!
- The Timetable will be used to:
 - Meet Project Cash Flow Needs
 - Timely Staff Plans Reviews
 - Plan State Bond Sales



Application Certification

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- Required Signatures:
 - Authorized Official,
Applicant Jurisdiction
 - Library Director,
Operating Library Jurisdiction
 - May be the Applicant's
 - May be a Different Jurisdiction's
- Signing Verifies Accuracy and Truthfulness -
 - The Application Form
 - Supporting Documents



7 Bond Act Review Factors

- **Needs of Urban and Rural**
- Population Growth
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- Needs of Residents
 - Existing Library
 - Proposed Project
- Appropriate Use of Technologies
- Appropriate Site
- Financial Capacity to Operate
 - (Only for New Public Libraries)

Here's Hoping...

...You all have

EXCEPTIONALLY COMPETITIVE

Applications

Good Luck!